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C O N F I D E N T I A L SECTION 01 OF 06 CHENGDU 000061

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DEPT FOR EAP/CM  
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TAGS: PGOV PHUM CH

SUBJECT: SOUTHWEST CHINA: TRYING TO CONTROL FOREIGN NGOS IN A  
TIBETAN PREFECTURE

REF: A. A) CHENGDU 056  
    **1**B. B) 07 CHENGDU 231  
    **1**C. C) 06 CHENGDU 925

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CLASSIFIED BY: James A. Boughner, Consul General, U.S. Consulate  
General, Chengdu.

REASON: 1.4 (b), (d)

**11.** (C) Summary: While it remains unclear what impact recent unrest in Tibetan areas of China will have on the work of foreign non-governmental organizations operating in the region, according to a limited-distribution government document obtained by the Consulate, Ganzi Prefecture in western Sichuan Province already issued strict rules on NGO approval and oversight in November 2007. Foreign NGOs in Ganzi began to face increased scrutiny during the tense security crackdown that followed a public call for the return of the Dalai Lama by some Tibetans at a public event held in the prefecture in early August. As the new regulations require government officials to assume direct and personal responsibility for preventing any "improper activities," local authorities might feel little incentive, especially in light of the current political environment, to approve or engage in cooperative activities with foreign NGOs.  
End Summary.

New Rules For Foreign, Hong Kong and Taiwan NGOs in Ganzi

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**12.** (C) Ever since the August 1 Litang Horse Race Festival "Incident" (ref b) in the Ganzi Tibetan Autonomous Prefecture (TAP), home to 700,000 ethnic Tibetans, foreign NGOs operating there report political sensitivities in the prefecture have made their work more difficult. Consulate Chengdu recently obtained and translated a copy of the new regulations, issued as a limited-distribution government document, on the management of NGOs and foreign assistance. The regulations went into effect on November 11, 2007 and would not have been officially shown to NGO representatives since they are internal instructions to government authorities.

**13.** (C) Foreign NGO representatives, as well as some local officials with authority over them, have complained for years about the lack of a legal framework for registering and

regulating NGOs in southwest China. We understand the existence of various types of NGO's, such as associations (xiehui), foundations (jijin) and groups (zhuzhi), may have added further complexity to the Chinese government's attempts to codify a regulatory framework. Ganzi's new rules, however, have an intimidating aspect since they focus on managing the risk to social stability that the foreign NGOs are seen to represent. The rules require local county authorities to sign documents accepting personal responsibility for overseeing NGO projects and preventing any possible "political agendas" from emerging.

#### Regulatory Gap As Well as Political Anxieties

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¶4. (SBU) Chinese researcher Wang Wei, in an article entitled, "Studies on the Development of International NGOs in the Ganzi Tibetan Region," which appeared in the 2006 volume of "Economic Development and Social Change in the Tibet and Other Tibetan Regions," printed in Chengdu by the Sichuan University China Tibetology Institute, highlighted the views of Ganzi Foreign Affairs Bureau officials:

-- A law on the regulation of foreign NGOs in China is needed to regularize their status and to make managing foreign NGOs easier.

-- The Foreign Affairs Bureau wants NGOs in Ganzi to be proactive in informing government departments about the status of their projects so that the government can perform its functions of management and coordination. It also requests foreign NGOs in Ganzi sign the "Guidelines for Implementation of Foreign NGO Assistance Projects" so that their project can be added into the government project management system.

-- Ganzi FAO officials do not have enough personnel to follow NGO activities, lack a legal framework for managing NGOs, and have difficulty getting cooperation from other government departments on the management of foreign NGOs.

#### Background: Foreign NGOs in Ganzi

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¶5. (SBU) Wang Wei's article also provides an overview of NGO work in Ganzi as of 2006. As of 2006, there were 23 international foundations, four Taiwan foundations and four Hong Kong foundations providing assistance in the Ganzi TAP. Cumulative assistance provided between 1990 and May 2005 totaled 44.51 million RMB or about USD 6 million. Two thirds of international NGOs in Ganzi, including The Bridge Foundation, Winrock International, the Trace Foundation, and Kham Aid, are based in the United States. Assistance from USAID for the three-year period August 2004 to August 2007 for Tibetan areas of China includes some support for the work of Winrock International, the Kham Aid Foundation, and Flora and Fauna International. (Consulate Note: USAID funding for Tibetan areas has been \$4m per year since 2004, up to \$5m for FY 08. End Note).

#### Litang Horse Race Aftermath

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¶6. (C) On August 1, 2007, the public call made by Tibetans attending the traditional horse race festival in Litang for the return of the Dalai Lama resulted in a harsh crackdown by local authorities. In addition to arrests and conviction of suspected subversives, the Ganzi TAP also oversaw a "Patriotic Education Campaign (ref a), which started in Litang itself and then spread to the entire prefecture in October 2007. As note above, NGOs operating in Ganzi also felt the fall out. For example, government authorities began to ask NGOs in Ganzi for: detailed biographies of all staff; more detailed descriptions of projects to be provided to the appropriate county foreign affairs office; more detailed information about foreign NGO workers and project sites. Some of these new requirements appear in the Ganzi TAP regulations, issued as an "Opinion" -- see below for Consulate

translation. (Note: "Opinions" are policy statements that are sometimes combined with specific instructions that might come from a party committee or government body at various levels. End Note).

Police NGOs Properly or Face Prosecution

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¶17. (C) One key passage of the new regulations warns officials of "sanctions" if NGO management is not done properly: "Taking responsibility for and actively managing the acceptance and implementation of assistance projects involving NGOs from outside the China Mainland is an important part of the social management function of every level of government. Every country and functional department must fulfill their responsibilities and assist foreign affairs offices at every level in the performance of their work. Any dereliction of duty or negligence or improper acts, if they result in adverse consequences, will be attributed to the principal leaders according to Party and government regulations. Negligence or acts that constitute a crime will be passed to the courts for prosecution according to the law."

¶18. (C) Per our translation, copies of the new internal NGO oversight rules are being shared not only with the government offices directly involved but also with: the courts, the Party disciplinary commission, and the Ganzi military sub-district.

¶19. (C) Full text of translation follows:

Begin Text

Ganzi Tibetan Autonomous Prefecture People's Government Document  
Distributed by Ganzi TAP Government; No. 2007-80

Ganzi Tibetan Autonomous Prefecture People's Government Opinions  
on Strengthening Management of NGOs From Outside the China  
Mainland and Foreign Assistance (Temporary)

To the County People's Governments, Prefecture Level  
Departments, and Units of Prefecture and Provincial Level  
Administrative Enterprises:

In order to strengthen the management of NGOs from outside China Mainland and foreign assistance, regulate foreign assistance and the acceptance of assistance, and to promote normal international exchanges and cooperation, based on the specific circumstances of our prefecture, the TAP government sets forth the following opinion. Please see that the opinion is

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conscientiously implemented.

¶II. The scope of the management of the work of NGOs from outside China Mainland and foreign assistance, the organization responsible for the work, and work responsibilities.

¶IA. An NGO from outside the China Mainland means an NGO registered in a region outside the China Mainland (including Taiwan, Hong Kong and Macao) or foreign country, or a non-profit civil organization that has received advisory status from a United Nations advisory Committee.

¶IB. Assistance from an NGO outside the China Mainland refers to assistance in the form of capital, materials and technology provided by an NGO from outside the China Mainland for the public welfare or public infrastructure of our prefecture.

¶IC. The Foreign Affairs Office of the Prefecture and County People's Governments provide management, supervision and policy guidance for assistance projects by NGOs from outside the China Mainland. The concerned departments of the prefecture and the counties and the management office for the sector that receives assistance carry out management within its area of competence and the areas of responsibility specified in this opinion as well as assist the foreign affairs department in its work.

**1D.** The assistance receiving work unit refers to the institution, social group, or other social organization that directly receives assistance or implements the assistance project. The work responsibilities of the receiving work unit are:

- i. Draft a project proposal based on the type of assistance that the NGO from outside China Mainland (abbreviated henceforth as assistance provider) and the actual needs of the assistance receiving work unit and submit it to management department of the sector concerned for a preliminary assessment.
- ii. Conduct a social stability risk impact assessment on the project for which assistance is being received and assume responsibility for this risk.
- iii. Conscientiously implement the foreign assistance project. Make timely reports on the progress of the project to the foreign affairs department and the management department for the sector concerned. Manage well the project capital and cooperate in arrangements for project inspection and auditing.
- iv. Summarize and spread the successful experience and fruits of cooperation gained from the project.

**1E.** The management department for the sector of the work unit receiving assistance means the sector administrative department for the institution, social body, or other social organization that receives or does the actual implementation of the assistance. The sector management department's responsibilities are:

- i. According to laws, regulations, charters, sector rules or industrial policy, carry out a preliminary assessment of the foreign assistance project reported by the work unit receiving the assistance. If the project is considered feasible, make a report to the people's governments of the prefecture and county in which the project is located.
- ii. Supervise the implementation of the assistance project by the work unit that is receiving the assistance.
- iii. Strengthen liaison work and cooperate with the foreign affairs organizations in jointly managing projects with assistance from outside the China Mainland.

## II. Principles for Accepting and Managing Assistance from NGOs from Outside the China Mainland.

**1A.** Principle of acceptable purpose for cooperation. The assistance provider in providing assistance must have good intentions and goals. It must not be involved in splitting the country, overthrowing the government, or terrorism, nationalism, extremist religious activities and must strictly abide by China's laws. The assistance project should be suited to the social and economic development goals of Ganzi TAP have good social benefits, economic benefits, and ecological benefits.

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**1B.** Principle that both sides must be willing. Whether the assistance provider provides assistance and whether the assistance receiving side receives assistance, depends upon both sides being willing.

**1C.** Principle that an agreement must be reached on the assistance. The assistance project of the assistance provider should be fully discussed with the project receiving work unit, so that the two sides can jointly define how the assistance is to be provided, the numbers involved and who is to receive the assistance and other specific aspects of the assistance provided.

**1D.** Principle of Management of Funds. The assistance management funds should be managed in a special account of the assistance

receiving work unit and disbursed as required for the needs of the project as a special fund for a specific purpose.

The prefecture and county foreign affairs departments should inform assistance providers of these principles. For projects that clearly are not in accord with the principles above, appropriate measures should be taken to guide, redirect, or reject them. Any assistance project that might harm national security or the social stability of Ganzi Prefecture should not be accepted.

### III. Acceptance of Assistance Projects by NGOs from Outside the China Mainland

IA. Any assistance provider that wishes to provide assistance to any work unit or individual in our prefecture should apply to the foreign affairs department of the prefecture or of the county people's government and accurately fill out the "NGO from Outside China Mainland Application Form".

These application forms should include the following: the purpose the assistance provider in coming to the prefecture; the background of the assistance provider; status of registration as a social organization; the person in charge and office of the assistance provider; and project funds; foreigners working for the assistance provider, employees, and other units cooperating with the assistance provider.

Government workers in our prefecture may not also be employed by an NGO from outside the China Mainland.

IB. The assistance provider and the assistance receiving work unit should discuss the proposed assistance with the department managing the sector in which assistance is to be provided. If that department agrees, then it should submit a written "assistance project plan" to the county government where the proposed assistance project would take place for examination and approval. After the county government examines and approves the proposed assistance project, it is submitted to the Prefecture People's Government for approval. Once approval has been received from the Prefecture People's Government, assistance receiving work unit may receive assistance.

IC. The responsible person for the work unit receiving assistance should sign with the prefecture and county foreign affairs departments a "responsibility document on assistance projects involving NGOs from outside the China Mainland", thereby assuming responsibility for handling abnormal incidents involving NGOs from outside China Mainland that might arise during the implementation of the project.

ID. In the case of an assistance provider provides capital or material assistance to an individual citizen, the person receiving the assistance submits to the foreign affairs department in the county in which they reside will receive the application. The foreign affairs department will examine the matter according to the conditions of the assistance provider and of the person receiving the assistance. A record will be made of the assistance received that the person receiving the assistance will sign for. Once the assistance has been provided, the foreign affairs department will make a report to the assistance provider.

### IV. Implementation and Supervision of Assistance Projects of NGOs from Outside the China Mainland

IA. Construction projects support by assistance must be in accord with city or rural planning and the national social and economic development plan. They must provide social, economic or

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environmental benefits. Requests for land needed for projects should be reported, examined and approved according to procedures set forth in the relevant state regulations.

IB. The assistance-receiving unit should carry out the

construction project built using assistance according to the relevant regulations of the administrative departments that manage infrastructure and construction. Once construction has been completed, the construction must be approved by the local construction project quality oversight bureau and other relevant departments and then the assistance-receiving unit can use it. Once the receiving unit is using it, the receiving unit should strengthen management so that it will be used most effectively.

**I.C.** The assistance-receiving unit should sign a funds use responsibility document with the sector management department of the assistance-receiving unit. Strengthen oversight and inspections of the receipts and expenditures and management of the assistance-receiving unit and create an overall project auditing and oversight system. The auditing department should audit the receipts and expenditures of the project.

**I.D.** Funds must be used only within the scope of the project agreement. No unit or individual may misappropriate or use these funds for their own purposes or to arbitrarily decide that they should be used for some other purpose. If there is definitely a need to change the purpose of the funds, this should be discussed and a consensus reached, and then be approved by the county foreign affairs office.

**I.E.** The assistance project funds must be handled according to a currently accepted financial system and recorded in an integrated business accounting and management system of the assistance receiving work unit. The assistance receiving work unit should establish a comprehensive internal financial management system including special account management in order to ensure that special accounts are used for specific purposes.

**I.F.** The financial department of the assistance receiving work unit should establish a method for managing the use of the project capital. The person in charge of the project is responsible to the work unit for the oversight and use of the project funds.

**I.G.** The assistance-receiving unit should procure materials needed for the project strictly according to the project agreement.

**I.H.** During the project implementation period, the assistance receiving work unit must establish a system for accounting for materiel received for the project. Purchased or donated materiel and equipment must be registered and managed so that they will be used strictly in accordance with the project agreement. Once the project has been completed, the management department for the assistance receiving work unit should direct the assistance receiving unit to make a timely submission of documentation of funds and property transferred and follow registration procedures, and manage the assistance assets together with the all the assets of the assistance receiving unit.

**II.** During the project implementation process, the assistance receiving work unit should make periodic project progress reports to the department that manages the assistance-receiving unit. If a serious problem or a sudden development arises, the department managing the assistance-receiving unit should make an immediate report to the local foreign affairs department.

**III.** Termination of the Implementation of Assistance Projects by NGOs From Outside the China Mainland

If the following occur during project activities, the prefecture and the county people's government have the authority to decide to terminate project implementation:

- Serious violation of the project agreement
- Suspicion of a political agenda
- If an event beyond any control occurs that forces termination
- Other circumstances that force termination of the project

**VI.** Taking responsibility for and actively managing the acceptance and implementation of assistance projects involving NGOs from outside the China Mainland is an important part of the social management function of every level of government. Every

country and functional department must fulfill their

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responsibilities and assist foreign affairs offices at every level in the performance of their work. Any dereliction of duty or negligence or improper acts, if they result in adverse consequences, will be attributed to the principal leaders according to Party and government regulations. Negligence or acts that constitute a crime will be passed to the courts for prosecution according to law.

Whosoever receives assistance or gifts from the assistance provider will, according to relevant regulations, will result in a strict holding to accounts for the leaders of both the assistance receiving work unit and the management department of the receiving work unit. If a crime has been committed, the case will be passed to the courts for appropriate handling according to law.

(Seal of Ganzi Tibetan Autonomous Prefecture People's Government)

November 4, 2007

Subject categories: Foreign Affairs, Management NGO, Opinion

Copies to Prefecture Party Committee office, Prefecture People's Congress office, Prefecture People's Consultative Congress office, Prefecture Party Committee Disciplinary Commission, Prefecture Court, Prefecture Procuratorate, Ganzi Military Sub district

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End Text.  
BOUGHNER